

CENTRO DE LA FAMILIA DE UTAH

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
AND
FINANCIAL STATEMENTS**

June 30, 2005

HANSEN, BARNETT & MAXWELL
A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

CENTRO DE LA FAMILIA DE UTAH

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Registered with the Public Company
Accounting Oversight Board



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Centro de la Familia de Utah

We have audited the accompanying statement of financial position of Centro de la Familia de Utah (a nonprofit organization) (the "Organization") as of June 30, 2005, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States of America, and the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Centro de la Familia de Utah at June 30, 2005, and the results of its activities and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2005, on our consideration of Centro de la Familia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

HANSEN, BARNETT & MAXWELL

Salt Lake City, Utah
August 19, 2005

**CENTRO DE LA FAMILIA DE UTAH
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2005**

ASSETS

Cash and cash equivalents	\$ 32,448
Accounts receivable:	
Government contract	173,501
Other	2,649
Prepaid expenses and deposits	72,037
Library collection	28,335
Property and equipment - net of accumulated depreciation	<u>2,944,486</u>
Total Assets	<u>\$ 3,253,456</u>

LIABILITIES AND NET ASSETS

Checks written in excess of cash in bank	\$ 238,013
Accounts payable	253,330
Accrued expenses	192,455
Capital leases payable	<u>15,325</u>
Total Liabilities	<u>699,123</u>
Net Assets	
Temporarily restricted	58,125
Property and equipment, net of related debt	2,929,161
Unrestricted	<u>(432,953)</u>
Total Net Assets	<u>2,554,333</u>
Total Liabilities and Net Assets	<u>\$ 3,253,456</u>

The accompanying notes are an integral part of these financial statements.

**CENTRO DE LA FAMILIA DE UTAH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support and Revenues			
Public Support			
In-kind support	\$ 244,995	\$ -	\$ 244,995
Other contributions	126,493	38,342	164,835
Special event revenue, net of expenses of \$26,898	25,158	-	25,158
Total Public Support	<u>396,646</u>	<u>38,342</u>	<u>434,988</u>
Revenues			
Government contracts	6,567,832	-	6,567,832
Interest income and other	14,453	-	14,453
Total Revenues	<u>6,582,285</u>	<u>-</u>	<u>6,582,285</u>
Net Assets Released from Restrictions	<u>9,908</u>	<u>(9,908)</u>	<u>-</u>
Total Public Support and Revenues	<u>6,988,839</u>	<u>28,434</u>	<u>7,017,273</u>
Expenses			
Program Expenses			
Migrant Head Start Program (MHSP):			
Head Start	4,803,496	-	4,803,496
Region 8	1,479,637	-	1,479,637
Parental Information and Resource Centers Program (PIRC)	487,259	-	487,259
Humanitarian Services	31,814	-	31,814
Nuevo Dia - County	86,555	-	86,555
Other programs	106,213	-	106,213
Total Program Expenses	<u>6,994,974</u>	<u>-</u>	<u>6,994,974</u>
Support Expenses			
General and administrative	703,517	-	703,517
Fundraising	3,609	-	3,609
Total Support Expenses	<u>707,126</u>	<u>-</u>	<u>707,126</u>
Total Expenses	<u>7,702,100</u>	<u>-</u>	<u>7,702,100</u>
Change in Net Assets	<u>(713,261)</u>	<u>28,434</u>	<u>(684,827)</u>
Net Assets, Beginning of Year Before Prior Period Adjustment	3,137,469	29,691	3,167,160
Prior Period Adjustment - Note 7	<u>72,000</u>	<u>-</u>	<u>72,000</u>
Net Assets, Beginning of Year After Prior Period Adjustment	<u>3,209,469</u>	<u>29,691</u>	<u>3,239,160</u>
Net Assets at End of Year	<u>\$ 2,496,208</u>	<u>\$ 58,125</u>	<u>\$ 2,554,333</u>

The accompanying notes are an integral part of these financial statements.

**CENTRO DE LA FAMILIA DE UTAH
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2005**

	Program Expenses				Support Expenses			Total	
	MHSP		PIRC	Humanitarian Services	Nuevo Dia County	Other Programs	Program Services		
	Head Start	Region 8							
Salaries	\$ 2,084,376	\$ 801,033	\$ 279,596	\$ 1,829	\$ 42,913	\$ 43,893	\$ 3,253,640	\$ 175	\$ 3,253,815
Benefits	671,811	261,050	79,699	467	20,495	5,950	1,039,472	46	1,039,518
Total Salaries and Benefits	2,756,187	1,062,083	359,295	2,296	63,408	49,843	4,293,112	221	4,293,333
Allocated administrative expenses									
Communications	28,863	12,793	10,852	822	436	-	53,766	703,517	703,517
Dues, subscriptions and advertising	15,715	999	1,860	150	50	-	18,774	-	53,766
Equipment	7,944	965	-	-	-	-	8,909	-	18,774
Equipment operating expenses	148,159	50,705	4,359	6,056	1,133	-	210,412	-	8,909
Food and program costs	120,297	48,618	-	-	3,746	-	172,661	20	210,432
In-kind	169,449	50,043	5,044	-	-	-	224,536	-	172,661
Insurance	122,784	43,967	6,011	1,079	2,347	-	176,188	-	224,536
Occupancy	198,320	136,145	10,291	16,132	5,401	-	366,289	-	176,188
Other costs	502,168	2,623	28,661	362	316	5,589	539,719	-	366,289
Parent services	22,315	4,472	-	-	-	-	26,787	1,911	541,630
Professional child services	64,770	8,015	-	-	-	-	72,785	-	26,787
Professional services	228,941	16,239	48,525	2,405	876	45,996	342,982	-	72,785
Supplies	75,951	28,841	216	1,007	3,710	1,575	111,300	45	343,027
Travel and training	53,356	13,129	12,145	1,505	5,132	3,210	88,477	-	111,300
	4,515,219	1,479,637	487,259	31,814	86,555	106,213	6,706,697	1,412	89,889
								3,609	7,413,823
Depreciation	288,277	-	-	-	-	-	288,277	-	288,277
Total Expenses	\$ 4,803,496	\$ 1,479,637	\$ 487,259	\$ 31,814	\$ 86,555	\$ 106,213	\$ 6,994,974	\$ 3,609	\$ 7,702,100

The accompanying notes are an integral part of these financial statements.

**CENTRO DE LE FAMILIA DE UTAH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005**

Cash Flows From Operating Activities

Change in net assets	\$ (684,827)
Adjustments to reconcile net cash from operating activities:	
Depreciation	288,277
Loss on disposal of fixed assets	487,005
In-kind support	(224,535)
Donation of equipment	(20,460)
In-kind expenses	224,536
Changes in assets and liabilities	
Accounts receivable	186,872
Promises to give	5,669
Prepaid expenses and deposits	(32,375)
Accounts payable	(45,870)
Accrued expenses	(12,643)
Line of credit payable	(164,030)
Net Cash From Operating Activities	<u>7,619</u>

Cash Flows From Investing Activities

Purchase of equipment and leasehold improvements	<u>(107,877)</u>
Net Cash From Investing Activities	<u>(107,877)</u>

Cash Flows From Financing Activities

Principal payments made on leases payable	(6,375)
Checks written in excess of cash in bank	<u>136,753</u>
Net Cash From Financing Activities	<u>130,378</u>

Net Change in Cash and Cash Equivalents

30,120

Cash and Cash Equivalents at Beginning of Year

2,328

Cash and Cash Equivalents at End of Year

\$ 32,448

Supplemental Cash Flow Information

Cash paid for interest	<u>\$ 1,706</u>
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The Organization disposed of assets with original cost of \$685,709 and accumulated depreciation of \$198,704, resulting in a loss on disposal of \$487,005.

The accompanying notes are an integral part of these financial statements.

CENTRO DE LE FAMILIA DE UTAH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Centro de la Familia de Utah (the Organization) is a non-profit organization established in 1975 to strengthen the Hispanic family by promoting self-sufficiency. It accomplishes this by working with the entire family as a unit. Trained staff teach skills to youth and their family members who need help.

The Organization is governed by an independent, volunteer Board of Directors who oversee the Organization's operations. Revenues to support the organization are primarily received from federal and state grants.

The accompanying financial statements have been prepared in accordance with standards for not-for-profit organizations adopted by the American Institute of Certified Public Accountants. They are stated on the accrual basis of accounting whereby expenses are recorded when incurred, donations are recorded when notice is received, and grant revenues are recorded when earned.

Financial Statement Presentation — The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Contributions — Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted contributions are required to be reported as temporarily or permanently restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or appropriate use of the assets. However, restricted donations received during the reporting year and expended in accordance with the donor's restrictions during the same year, are recorded as unrestricted revenue and expenses. Temporarily restricted net assets at June 30, 2005 represent donor-designated revenue that had not yet been expended for their intended purpose.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donated materials and equipment are reflected as contributions at their estimated fair values at date of receipt.

The government contracts are received on a reimbursement basis. All restrictions placed on the money are met when the money is spent and the receivable is recognized. The Organization has, therefore, elected to record the revenue from the grants as unrestricted.

Cash and Cash Equivalents — For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. In addition, management also considers money market funds to be cash equivalents. At June 30, 2005, the Organization had no deposits with a financial institution that were not covered by FDIC insurance.

Program Services — Support and program services provided by the Organization are as follows:

Migrant Head Start Program — The MHSP program operates facilities in Mt. Pleasant, Salem, Gunnison, Honeyville, Genola and Garland. The Mt. Pleasant and Gunnison centers serve families below the poverty level, while the other centers serve low income mobile migrant families. The MHSP centers provide a comprehensive set of services to include full day education, child care, health and dental care, and nutritional and social services. It provides special services to children with disabilities and other special needs. It emphasizes socialization skills and language development. The program provides transportation, advocacy and referral services to the entire family.

Parental Information and Resource Centers Program — Parent Information and Resource Centers ("PIRC") is a program designed by Centro de la Familia to help children from Spanish-speaking families become academically successful by promoting parental involvement and support.

Humanitarian Services — Humanitarian Services is located in the Organization's South Salt Lake office and provides crisis intervention, case management, short term therapy and information and referral services to clients based in the Salt Lake County area primarily. Issues from domestic violence, hunger and lack of medical access are addressed by this department.

Nuevo Dia Program — The Nuevo Dia program provides substance abuse prevention life skills and academic tutoring for young Latin women and their mothers. It focuses on increasing protective factors and decreasing risk factors for alcohol, tobacco and other drug use.

Allocated Administrative Expenses — The costs of providing the various programs and services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and services benefited.

Income Taxes — The Organization is a qualified charitable organization under Section 501(c)(3) of the Internal Revenue Code, and under State of Utah tax regulations and, therefore, is not subject to federal or state income taxes in connection with its exempt activities.

In-Kind Support — The Organization receives donations from a variety of sources for services and products in the furtherance of its objectives. The in-kind support consists principally of discounts on shipments of food and non-food products, services provided to the Organization, primarily medical and teaching services, and discounts on major purchases such as buses and building materials.

In addition to the recorded in-kind support, the Organization receives substantial assistance from volunteers who donate significant amounts of their time in program services. Time donated for work that does not meet established accounting standards criteria cannot be recorded on the financial statements. The monetary value (unaudited) of the donated time which falls into this category was \$537,191, based upon 44,177 hours valued at \$10-20 per hour.

Fair Value of Financial Instruments — The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 2005, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

Equipment — Equipment is recorded on the basis of cost for purchased assets or fair value at the date of donation for donated assets. The Organization, as required by its grants, capitalizes all expenditures in excess of \$5,000. Depreciation is recorded using the straight-line method with asset lives ranging from 3 to 10 years. Depreciation expense for the year ended June 30, 2005 was \$288,277.

Library Collection — The library collection consists of donated or purchased books. Accessions of these collection items are capitalized at cost, if the items were purchased, or at their appraised or fair value on the accession date, if the items were contributed. Gains or losses from deaccessions of these items are reflected on the statement of activities as changes in the appropriate net asset classes, depending on the existence and type of donor-imposed restrictions.

Use of Estimates — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and their reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2—COMMITMENTS

Capital Leases — Office equipment recorded under capital leases is included with property and equipment and amounted to \$28,982 at June 30, 2005. The related accumulated amortization was \$14,985. Imputed interest on the leases ranges between 8.3% and 15.5%. Depreciation of the capitalized assets is computed on the straight-line basis over the lease term.

Future minimum lease payments under the capital lease obligations as of June 30, 2005 were as follows:

Year Ending June 30,	
2006	\$ 6,696
2007	5,706
2008	<u>4,756</u>
	17,158
Less amount representing interest	<u>1,833</u>
Capital leases payable	<u>\$ 15,325</u>

Operating Leases — The Organization leases office space for administration and for the different centers from various lessors. These leases expire during the fiscal year 2006 and beyond.

Future minimum lease payments are as follows:

	For the Year Ended June 30,
2006	\$ 289,801
2007	190,170
2008	<u>55,000</u>
Total	<u>\$ 534,971</u>

NOTED 3 — CONTINGENCIES

Honeyville Lawsuit — The Organization completed a major renovation of a building for its Migrant Head Start Program in Honeyville, Utah on a parcel of land owned by another party with the understanding that the owner would donate the land and building to the Organization upon completion of the building. However, when work on the building was completed, the owner refused to convey the property and the Organization filed a lawsuit. Management of the Organization asserted that the owner verbally agreed to convey the property to the Organization upon completion of the building.

In April 2005, the trial court dismissed the Organization's claims and granted the defendants' judgment of their counterclaim, and awarded the defendants attorneys' fees in the amount of \$95,197. The Organization filed a notice to appeal and has taken additional steps to preserve its rights. It also concluded that it no longer wished to occupy the premises that are the subject of the dispute, and it quit the lease premises as of May 31, 2005. The defendants threatened to collect on the judgment and to pursue additional claims and seek additional damages and

attorneys' fees in excess of \$100,000. Accordingly, the Organization continued its efforts to settle the dispute.

At a mediation conference ordered in connection with the appeal, a settlement agreement was reached that required the Organization to pay the defendants \$130,000 in full satisfaction of the existing judgment as well as any and all claims for past rent, damages and attorneys' fees. The settlement has not been fully executed pending resolution of a claimed federal interest in the property due to the fact that federal grant monies were used to make substantial improvements. It is at present unknown whether resolution of that remaining issue will result in additional liability to either the federal grantor or the defendants and, if so, the nature or extent of any such liability. Due to the settlement agreement being reached prior to year end, the Organization has accrued the entire \$130,000 as of June 30, 2005.

Mt. Pleasant Land — The Organization received a donation of a parcel of land in Mt. Pleasant, Utah. The Organization plans to construct a facility for its Migrant Head Start Program on the land. The deed conveying the land contains covenants requiring the Organization to begin construction of the facility within one year of the conveyance and to have a business presence on the land within two years of the conveyance. If the Organization violates these covenants, Mt. Pleasant has the right, but not obligation, to purchase the parcel. As of June 30, 2005, the Organization was in violation of the covenant pertaining to the commencement of construction. To date, Mt. Pleasant has not expressed any intent to purchase the parcel. The Organization has not yet obtained financing for the construction of the facility. When financing is obtained, construction of the new facility will begin.

NOTE 4 — PROPERTY AND EQUIPMENT

The cost of land, building and equipment as of June 30, 2005 was as follows:

	Useful Life	
Land	—	\$ 438,090
Equipment	3 - 10 years	1,600,462
Leasehold improvements	3 - 10 years	1,892,002
Buildings	40 years	<u>1,263,179</u>
Total Cost		5,193,733
Less: Accumulated Depreciation		<u>2,249,247</u>
Net Land, Building and Equipment		<u>\$ 2,944,486</u>

NOTE 5 — PENSION PLAN

The Organization contributes to a pension plan for its employees under Section 401(k) of the Internal Revenue Code. The Organization's contributions to the 401(k) plan on behalf of its employees during the year ended June 30, 2005 totaled \$22,073.

NOTE 6 — ECONOMIC DEPENDENCY

The Organization receives a substantial amount of its revenue from one federal agency. This agency provides 86% of the Organization's total support and revenues. Loss of this support could adversely affect the Organization's activities.

NOTE 7 — PRIOR PERIOD ADJUSTMENT

The Organization had a prior period adjustment for land that was acquired by donation in the year ended June 30, 2004. The parcel of land has since been valued at \$72,000. The revenue and property and equipment of the Organization were understated in the prior year by this amount.

CENTRO DE LA FAMILIA DE UTAH

**SUPPLEMENTAL REPORT
IN COMPLIANCE WITH
GOVERNMENT REPORTING STANDARDS
AND
OMB CIRCULAR A-133**

June 30, 2005

HANSEN, BARNETT & MAXWELL
A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

**CENTRO DE LA FAMILIA DE UTAH
SUPPLEMENTAL REPORT
IN COMPLIANCE WITH
GOVERNMENT REPORTING STANDARDS
AND OMB CIRCULAR A-133**

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Centro de la Familia de Utah

We have audited the financial statements of Centro de la Familia de Utah (a nonprofit organization) as of and for the year ended June 30, 2005, and have issued our report thereon, dated August 19, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Centro de la Familia de Utah's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Centro de la Familia de Utah's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink, appearing to read "Hansen, Barnett & Maxwell", is written over the printed name of the firm.

HANSEN, BARNETT & MAXWELL

Salt Lake City, Utah
August 19, 2005

HANSEN, BARNETT & MAXWELL

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Centro de la Familia de Utah

Compliance

We have audited the compliance of Centro de la Familia de Utah (a nonprofit organization) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, that are applicable to each of its major federal programs for the year ended June 30, 2005. The major programs of Centro de la Familia de Utah are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the management of Centro de la Familia de Utah. Our responsibility is to express an opinion on the compliance of Centro de la Familia de Utah based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the compliance of Centro de la Familia de Utah with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the compliance of Centro de la Familia de Utah with those requirements.

In our opinion, Centro de la Familia de Utah complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance


The management of Centro de la Familia de Utah is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the internal control of Centro de la Familia de Utah over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of Centro de la Familia de Utah as of and for the year ended June 30, 2005, and have issued our report thereon dated August 19, 2005. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information of the Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



HANSEN, BARNETT & MAXWELL

Salt Lake City, Utah
August 19, 2005

**CENTRO DE LA FAMILIA DE UTAH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services		
Migrant Head Start Program - Utah	93.600	\$ 5,663,617 *
Passed Through Salt Lake County Division of Substance Abuse		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	<u>83,493</u>
Total U.S. Department of Health and Human Services		<u>5,747,110</u>
U.S. Department of Education		
Parental Information and Resource Centers Program	84.310A	<u>547,831</u>
Total U.S. Department of Education		<u>547,831</u>
U.S. Department of Agriculture		
Passed Through Utah State Office of Education		
Child and Adult Care Food Program	10.558	<u>186,192</u>
Total U.S. Department of Agriculture		<u>186,192</u>
Total Expenditures of Federal Awards		<u>\$ 6,481,133</u>

* Tested as a major program

CENTRO DE LA FAMILIA DE UTAH
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2005

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES

The following information regarding the schedule of expenditures of federal awards is provided to assist the reader in understanding the accounting policies regarding, and the nature of federal awards.

Basis of Accounting — The schedule of expenditures of federal awards is prepared on the accrual basis of accounting, the same basis used by the Organization in its financial reporting. Receivables are recorded when appropriate program expenditures are made and the Organization has a claim for reimbursement.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from their presentation in the financial statements.

Pass-through Source of Awards — The Organization receives the bulk of its federal award programs directly from the federal awarding agency.

CENTRO DE LA FAMILIA DE UTAH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS — OMB CIRCULAR A-133
FOR THE YEAR ENDED JUNE 30, 2005

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Centro de la Familia de Utah.
2. No reportable conditions with regard to internal control over the financial statements are reported.
3. No instances of noncompliance material to the financial statements of Centro de la Familia de Utah, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions with regard to internal control over major federal award programs are reported.
5. The auditor's report on compliance for the major federal award programs for Centro de la Familia de Utah expresses an unqualified opinion on all major federal programs.
6. There were no audit findings which are required to be reported under Section 510(a) of OMB Circular A-133 disclosed during the audit.
7. The program tested as a major program was:
Head Start, ACF - Utah #93.600
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Centro de la Familia de Utah qualified as a low-risk auditee for the year ended June 30, 2005.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No findings to report.

C. FINDINGS AND QUESTIONED COSTS — MAJOR FEDERAL AWARDS PROGRAMS

No findings to report.

D. PRIOR YEAR FINDINGS

No findings to report.